

# STREAMLINED SALES AND USE TAX

## History

- 1992 – U.S. Supreme Court ruled in North Dakota v Quill
  - States cannot require remote sellers to collect sales and use taxes citing the complexity of the many state and local sales tax systems, and
    - Complexity in dealing with 45 states and thousands of local taxing jurisdictions that are neither consistent nor uniform in application and definition.
  - Resulted in the understanding that simplification of sales tax administration was a solution.
- On March 30-31, 2000, 26 states, including North Dakota, accepted the challenge to design, test, and implement a streamlined sales tax system that modernizes and simplifies the administration of taxes for retailers.
  - Participation included state and local governments, governmental and business, organizations and associations, and technology businesses.
- 2001 North Dakota Legislative Assembly approved legislation that provided for North Dakota’s continued participation in multi-state discussions and identified representation from the North Dakota Legislative Assembly and the Office of State Tax Commissioner. (Senate Bill 2455)
- In November 2002, 33 states and the District of Columbia, voted to approve a multi-state agreement to simplify sales tax laws by establishing one uniform system to administer and collect sales taxes, and which reduces the administrative burden on retailers.
  - The agreement was entitled “Streamlined Sales and Use Tax Agreement”.
    - The Agreement becomes effective when states comprising at least 20 percent of the total population of states with a sales tax have approved the Agreement.
- North Dakota Legislative Assembly, during the 2003 and 2005 Legislative Assemblies, approved legislation to bring North Dakota into compliance with the Streamlined Sales and Use Tax Agreement provision, with an effective date of October 1, 2005.
  - 2003 Legislative Session – Senate Bills 2095 and 2096;
  - 2005 Legislative Session – House Bill 1043, Senate Bills 2050 and 2359
- On July 1, 2005,

Indiana	Michigan	Oklahoma
Iowa	Minnesota	South Dakota
Kansas	Nebraska	West Virginia
Kentucky	North Carolina	

  - Were recognized as states that are in substantial compliance with the Streamlined Sales and Use Tax Agreement, and recognized as “full members” of the Streamlined Sales and Use Tax effort.

- Several other states, including North Dakota, will become full members when their conforming legislation takes effect.
- On October 1, 2005, North Dakota and New Jersey become “full members”,
  - As their effect date for their conforming legislation takes effect October 1, 2005.
  - North Dakota’s recognition as a full member represents the point when the Streamlined Sales and Use Tax Agreement becomes operational because North Dakota’s membership along with the other twelve states represents 20 percent of the total population of states having a sales tax.
  - Ohio, Tennessee, and Utah will become full members when their conforming legislation takes effect.
  - Governing Board goes into effect to oversee the Agreement.
- More information on the Streamlined Sales Tax Project is available on the project web site:  
**<http://www.streamlinedsalestax.org/>**